

SECRET

0XC-2207

2 September 1961

25X1A

Dear Kelly:

I think we have reached a satisfactory understanding with [redacted] on the problems with which he was concerned, on both your personnel and those who will come under your jurisdiction. The attached memorandum of understanding represents the concensus of opinion on how these problems will or should be handled.

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The comment in paragraph four of page three of the attachment is something more than a local joke developed between [redacted] and myself. With our rather complete reliance upon [redacted] and with our faith and dollars backing up the caliber of Lockheed maintenance on it, I feel that as a matter of equity, some consideration should be given as to which party should absorb call-in costs when it can be clearly demonstrated that [redacted] has pooped out for mechanical maintenance reasons, as opposed to a straight W cancellation. Four hours per man times [redacted] can get to be expensive. Please let me have your thoughts on this. I realize that LAC could not consider underwriting the entire amount every time down time was experienced, but I do think the situation is different now as opposed to when MATB was running things in 55-57.

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I feel that our transportation problem will be aided somewhat by your stated willingness to run a staggered work week. I expect we will have troubles, especially during peak work periods when an "emotional holiday" like Christmas or New Year's comes along and everyone wants to ride to L.A. at once. For planning purposes in support Manning, we are looking at our needs in terms of a planning factor of two ten hour shifts, seven days a week for a minimum of one year following commencement of flight test, and I assume that this rather basic assumption will be made known [redacted] to your subs as well as informally to those of our primes affected.

25X1A

[redacted] has probably told you already, you will receive two proposals we think you should consider in working out your insurance arrangements with the flight test pilots. Any arrangement we propose will have the Government as the ultimate insurer. Therefore, to support either proposal you ultimately endorse, we need from you a brief and meaty paragraph setting forth succinctly the reasons why, in your opinion, the risk associated with this bird is so much greater than normal that a plan is required which is roughly five times as large as industry average for insuring test pilots for the premium time period. This is just to protect both of us from the steely-eyed auditor, and has nothing to do with our own agreement in principle to the proposed [redacted] total insurance compensation.

25X1A

If you [redacted] have any questions after going thru the attachment, please do not hesitate to call me, but as I stated before, I think we have come to a useful understanding (that last phrase borrowed from your friend JFK). Even with our long experience, I doubt that we could frame any one document covering every conceivable situation that may arise. As in the past, we will still have to rely on massive doses of good faith and patience, plus a modicum of judgment to resolve problems as they arise.

DOCUMENT NO. 54

NO CHARGE IN SLRGS.

CLASSIFIED BY [redacted] TO S C

NEXT REVIEW DATE [redacted]

AUTH: NM 7-2

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I think it would be profitable if one of us could sit in on one of your early recruiting sessions with the men who will be going into the work force you will be assembling [redacted] and I did this once in 55 with [redacted] and it was highly educational, since it taught us what questions actually would come up, as opposed to those for which we had the appropriate school solution.

I was hoping to be able to discuss these matters more fully at the next meeting, but it is [redacted] turn to go, and I shall be here minding the store from all appearances. [redacted] will be out though, and could chat with you [redacted] if the need arises. I will try to see you once more out of phase with the Monstar Meeting cycle. Best personal regards,

Sincerely,

SIGNED

Jim C.

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